

## Message Text

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TAGS: PFOR, OAS, IA-ECOSOC

SUBJECT: IA-ECOSOC MEETING

REF: STATE 184046

SUMMARY: THIRTEENTH SPECIAL MEETING OF IA-ECOSOC MET IN WASHINGTON, SEPTEMBER 11-15 AND DEVOTED MAJOR PORTION OF ITS TIME TO PRELIMINARY COMMENTS ON REPORT OF CARLOS SANZ DE SANTAMARIA, PRESIDENT OF CIAP, ON RESTRUCTURING OF OAS ECONOMIC INSTITUTIONS. GENERAL TENOR OF DELEGATIONS' REMARKS INDICATED SUBSTANTIAL AGREEMENT, BUT SHORT OF CONSENSUS AS MANY DELEGATES EXPRESSED RESERVATIONS AND QUALIFICATIONS ON:

(A) EXISTENCE OF MUTUAL OR RECIPROCAL INTERESTS (TERMS LIMITED OFFICIAL USE  
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PREFERRED TO SANZ' "CONVERGENCE OF INTERESTS") AMONG HEMISPHERE COUNTRIES OVER THE LONG RUN;

(B) THE PRACTICAL DIFFICULTY OF SEPARATING POLITICAL

ISSUES FROM ECONOMIC DEVELOPMENT ISSUES; AND

(C) THE DESIRABILITY OF GREATER PARTICIPATION IN THE OAS SYSTEM BY NON-HEMISPHERE COUNTRIES.

MEXICAN POSITION ESPECIALLY NOTEWORTHY FOR ITS MODERATE AND CAUTIOUS APPROACH TO QUESTION OF REFORMATION OF OAS SYSTEM, ON ISSUES. POSITION OF BRAZIL, ECUADOR AND BARBADOS CONTAINED IN REFTEL. END SUMMARY.

1. SECOND REGULAR SESSION OF IA-ECOSOC SEPTEMBER 13 SAW A CONTINUATION OF COUNTRY DELEGATION REACTION TO SANZ REPORT AND SANZ RESPONSE TO THEIR POINTS. ALL DELEGATIONS, WITH EXCEPTIONS OF BOLIVIA, EL SALVADOR, NICARAGUA, DOMINICAN REPUBLIC AND CHILE MADE PRESENTATIONS. DELEGATES' PRESENTATIONS STATED TENTATIVE, PRELIMINARY NATURE OF THEIR REMARKS, NOTING THAT REPORT SHOULD BE SENT TO SPECIAL COMMITTEE FOR STUDY. NEVERTHELESS, THERE WAS AGREEMENT AMONG MANY DELEGATIONS ON:

(A) THE CONCEPT THAT MUTUAL OR RECIPROCAL INTERESTS (TERMS WHICH THE DELEGATES PREFERRED TO SANZ' "CONVERGENCE OF INTERESTS") EXIST IN THE HEMISPHERE OVER THE LONG RUN;

(B) DESIRABILITY OF SEPARATING POLITICAL ASPECTS FROM TECHNICAL, ECONOMIC, AND DEVELOPMENT AFFAIRS WHILE, AT THE SAME TIME, EXPRESSING SKEPTICISM THAT THIS COULD BE ACCOMPLISHED, GIVEN POLITICAL ASPECTS OF NEARLY ALL ISSUES.

(C) POTENTIAL VALUE OF PARTICIPATION OF EXTRA-HEMISPHERIC COUNTRIES, ESPECIALLY TO BRING ADDITIONAL RESOURCES TO OAS, ALTHOUGH SOME MEMBERS URGED CAUTION LEST THE REGIONAL CHARACTER OF THE SYSTEM BE DILUTED.

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IMPLICIT, ALSO, WAS ACCEPTANCE OF ONE OF SANZ' MAIN THRUSTS, NAMELY, THE NECESSITY AND WISDOM OF CONTINUED US PARTICIPATION AND COOPERATION IN THE OAS. FINALLY, ALL DELEGATIONS WERE UNANIMOUS IN THEIR PRAISE OF SANZ PERSONALLY.

2. MEXICAN, JAMAICAN, TRINIDAD-TOBAGO AND US PRESENTATIONS MADE OTHER POINTS:

(A) MEXICO - LIC. RAMON BETETA CONCURRED WITH EMPHASIS ON "CONVERGENCE OF INTEREST" CONCEPT CONTAINED IN SANZ PROPOSAL, BUT NOTED THAT SANZ' LIST OF SUCH INTERESTS

WAS NOT INCLUSIVE AND IT DID INCLUDE SOME ON WHICH CONVERGENCE DID NOT EXIST. AS AN EXAMPLE, MEXICAN DELEGATE STATED THAT WHILE MUTUALITY OF INTERESTS INCLUDED FOREIGN INVESTMENT, IT DID NOT EXTEND TO CREATION OR USE OF INTERNATIONAL ORGANIZATION THAT WOULD DEAL (EITHER BY CONCILIATION OR OTHER METHOD) WITH DISPUTES ARISING FROM SUCH INVESTMENTS. MEXICAN VIEW WAS THAT FOREIGN PRIVATE INVESTMENT WAS SUBJECT TO NATIONAL CONTROL ONLY. DELEGATION ALSO CONCURRED WITH PROPOSAL TO TREAT TASKS RELATED TO ECONOMIC DEVELOPMENT SEPARATELY FROM POLITICAL ISSUES, WHERE POSSIBLE, BUT EXPRESSED SKEPTICISM AS TO HOW OR IF THIS COULD BE ACHIEVED. ALSO SUPPORTED IDEA OF ALLOWING PARTICIPATION BY ALL WESTERN HEMISPHERE COUNTRIES WHICH WOULD STRENGTHEN CONCEPT OF PLURALISM IN HEMISPHERIC RELATIONS. RE CECLA, THAT ORGANIZATION SHOULD BE AMPLIFIED AND STRENGTHENED, AND MEXICO OPPOSED ANY LATIN AMERICAN GROUPING IN THE OAS WHICH COULD POSSIBLY WEAKEN CECLA. FINALLY, A CAUTIONARY NOTE WAS EXPRESSED CONCERNING THE PROPOSAL THAT EXTRA-CONTINENTAL COUNTRIES BE INCLUDED IN THE OAS LEST THIS DESTROY THE REGIONAL CHARACTER OF THE SYSTEM.

(B) JAMAICA - OAS AMBASSADOR BARNETT SUPPORTED SANZ PROPOSAL TO SEPARATE POLITICAL FROM ECONOMIC MATTERS, INSOFAR AS THIS IS PRACTICABLE. QUESTIONED WHAT BENEFITS MIGHT BE RECEIVED FROM DRAWN-OUT PROCESS OF AMENDING OAS CHARTER AS COMPARED WITH THOSE THAT MIGHT BE ACHIEVED BY PROMPT MEASURES WITHIN EXISTING CHARTER TO LIMITED OFFICIAL USE  
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STRENGTHEN EXISTING ENTITIES. ADVOCATED FLEXIBLE, PRAGMATIC APPROACH TO HEMISPHERE'S DEVELOPMENTAL PROBLEMS AND STRESSED THE URGENT NATURE OF THESE PROBLEMS. VIEW EXPRESSED THAT MOST IMPORTANT FEATURE OF SANZ REPORT IS ITS OBJECTIVES; THE MECHANISMS FOR ACHIEVING THOSE OBJECTIVES MUST BE EFFECTIVE AND SPEEDY.

(C) TRINIDAD-TOBAGO - OAS AMBASSADOR MCINTYRE TOOK NOTE OF SANZ COMMENTS ON FOREIGN INVESTMENT AND SUPPORTED PRINCIPLE OF PARTICIPATION BY HOST COUNTRY AS AGAINST EARLIER SYSTEM OF EXPLOITIVE PRIVATE INVESTMENT WHICH GAVE RISE TO CONFLICT. ALSO SUPPORTED PRINCIPLE OF UNIVERSALITY IN HEMISPHERIC ORGANIZATIONS, AT LEAST IN TECHNICAL ORGANS.

(D) U.S. - USOAS AMBASSADOR DOUGLAS HENDERSON, SPEAKING ON BEHALF OF ASSISTANT SECRETARY KUBISCH, INDICATED RECEPTIVITY TO NEW IDEAS AND INTENTION TO STUDY THEM AND SANZ' PROPOSALS FULLY AND CAREFULLY. AGREED WITH OBSERVATION OF "CONVERGENCE OF INTEREST" AND NEED FOR

SHAPING SYSTEM THAT CAN ACHIEVE RESULTS IN AREAS OF MUTUAL INTEREST, WHILE ABLE TO DEAL WITH DISAGREEMENT. SUPPORTED EFFORTS TO SEPARATE, WHEREVER POSSIBLE, DISPUTATIOUS POLITICAL ISSUES FROM DISCUSSIONS OF ECONOMIC AND DEVELOPMENT MATTERS. RECOGNIZED VALUE OF PARTICIPATION OF NON-HEMISPHERE NATIONS AND SUPPORTS EFFORTS TO FIND WAYS TO EXPAND THAT PARTICIPATION. SUGGESTED THAT SANZ' PROPOSALS SHOULD NOT BE EXAMINED ON AN ALL-OR-NOTHING BASIS, BUT RATHER A WILLINGNESS

TO ACCEPT SOME, MODIFY OTHERS, AND SUBSTITUTE FOR STILL OTHERS.

3. SANZ RESPONDED TO SOME OF THESE OBSERVATIONS BY NOTING:

(A) IN ONE SENSE ALL QUESTIONS ARE FUNDAMENTALLY POLITICAL BUT, DRAWING ON THE OECD EXPERIENCE, STATED THAT NEVERTHELESS SOME DIVISION CAN BE MADE BETWEEN THOSE WHICH ARE PURELY POLITICAL AND THOSE WHICH HAVE A GREAT DEAL OF ECONOMIC CONTENT. IMPORTANT THING IS THAT LIMITED OFFICIAL USE  
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COOPERATION FOR ECONOMIC DEVELOPMENT NOT BE UNDULY HINDERED BY PROBLEMS OF PURELY POLITICAL NATURE WHICH COULD BE TREATED SUCCESSFULLY IN POLITICAL FORUM.

(B) U.S. PARTICIPATION IN INTER-AMERICAN SYSTEM OF PARAMOUNT IMPORTANCE BECAUSE EXISTENCE OF SUPER-POWER IN HEMISPHERE GIVES EXTRAORDINARY ADVANTAGES EVEN THOUGH IT GIVES RISE TO A CONSIDERABLE DISEQUILIBRIUM. EFFECTS OF THIS DISEQUILIBRIUM COULD BE MITIGATED BY PRESENCE OF OTHER EXTRA-CONTINENTAL DEVELOPED COUNTRIES WHO WOULD SERVE AS MODERATING INFLUENCE WITHIN THE SYSTEM AND BY LATIN AMERICAN UNITY. WHILE NOT WISHING TO DETRACT FROM CECLA, HE BELIEVED LATIN AMERICANS WOULD BE MORE EFFECTIVE IN OAS IF THEY HAD THEIR OWN GROUPING THERE TOO WHICH MET REGULARLY AND WAS INSTITUTIONALIZED.

4. ON FINAL DAY OF MEETING, IT WAS AGREED TO TRANSMIT SANZ REPORT TO SPECIAL COMMITTEE FOR REFORM OF THE OAS FOR ITS CONSIDERATION. MEETING AGREED TO RETAIN SANZ IN HIS POST UNTIL CIAP CAN SELECT A TEMPORARY SUCCESSOR, PRESUMABLY DURING NEXT FEW WEEKS. ALL TERMS OF CIAP MEMBERS WERE EXTENDED TO JUNE 30, 1974, AT WHICH TIME ALL CIAP MEMBERS WILL BE ELECTED UNDER REVISED RULES, I.E., ALPHABETICALLY BY COUNTRY. (THIS, OF COURSE, IS SUBJECT TO DECISIONS MADE BY THE OAS GENERAL ASSEMBLY IN APRIL 1974 RE THE FUTURE OF CIAP, IA

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